

27 September 2021

Dear BEIS and OFGEM

Open consultation on proposals for a Future System Operator role (20 July 2021)

I am writing in my role as Network Emergency Co-ordinator, which I undertake on behalf of the duty holder National Grid Gas plc, in response to the above detailed consultation and in which you ask for views on whether “...the FSO may also be well placed to perform the independent role of the Network Emergency Coordinator (NEC)”. The purpose of this response is to set out some factors to support your decision making in this area.

The role of the Network Emergency Co-ordinator (NEC)

The NEC is responsible for co-ordinating actions across the affected parts of the gas network to take action to prevent, as far as possible, a gas supply emergency developing, and where it cannot be prevented, to take timely decisions in order to minimise the safety consequences.

Regulation 2(1) of the Gas Safety (Management) Regulations 1996 (GS(M)R) defines a supply emergency as an emergency endangering persons and arising from a loss of pressure in a gas network or any part thereof.

To prevent a supply emergency occurring, or to minimise the risks associated where one develops, the NEC has well-established arrangements for co-ordinating the actions of duty holders, including conveyors operating on the affected part of the network.

The parties who have a duty of co-operation with the NEC are far broader than gas transporters (as indicated in the FSO consultation) and include parties such as shippers, producers of gas, and storage and interconnector operators.

Notably, there is no legal requirement for any party in the electricity industry to co-operate with the NEC.

Duty Holder

The duty holder of the NEC role has always been the entity currently known as National Grid Gas plc (NGG), with a named individual within the organisation undertaking the role. GS(M)R states that an NEC can relinquish its role by giving at least 6 months' notice. The 6-month notice period is designed to allow gas transporters on the network to agree a replacement NEC, and for that successor to prepare, submit and have a safety case accepted by the HSE.

The person designated as the NEC, and the NEC Officers who provide cover for the absence of the NEC, are currently employees of NGG, or National Grid Group companies (with requirements to provide services for and on behalf of NGG), and all have roles within the group to provide functions other than NEC related functions. However, in the event of a potential or actual supply emergency, their NEC duties take priority over other duties.

Access to Information

The NEC and NEC Officers must have access to real time operational information about the gas networks to make informed decisions. These arrangements are currently delivered via the Gas System Operator. As the current NEC and NEC Officers are employees of National Grid Group, we can appropriately manage access to this information. If the NEC role were undertaken outside the National Grid Group, different arrangements would need to be put in place to ensure timely and secure access to the required information to meet the needs of an NEC safety case.

Competence

The person undertaking the NEC function, and the NEC Officers, must have operational experience of the management of the gas network to be able to carry out their roles effectively. The preferred model for the FSO does not include operation of the gas network, so if the roles were undertaken by FSO employees it would be essential that they had previously worked in the gas industry, and could demonstrate the competency requirements to undertake the roles. Arrangements would have to be in place to enable them to maintain knowledge of up-to-date operating systems and challenges, in order to retain the competencies required.

NEC Officers

It is essential to have NEC Officers in place to provide continuous cover for the role if the nominated NEC is unavailable. Consideration must therefore be given to the size of the team required to provide adequate round the clock 24/7 cover if the role of the NEC moved to the FSO.

Office of the NEC

The day-to-day management of the NEC Safety Case, industry procedures and awareness, and delivery of an annual exercise programme is delivered by the Office of the NEC, a small team within the Gas System Operator which also provides dedicated incident response support and training to GSO. Elements of this function must stay within the same organisation as the NEC, and if it were proposed to move the NEC to the FSO, clear accountability for different aspects of the emergency arrangements would have to be established along with appropriate funding.

Interaction with electricity

A working group, "Review of an Impact of Gas Supply Shortage on Electricity (RIGSSE)" has been set up under the Energy Emergency Executive Committee. This group is exploring options for improving the management of the impact of a shortage of gas on the operation of the electricity network, and as such, may provide recommendations about the scope and accountabilities of the NEC going forward.

Finally, you will no doubt be aware of various planned changes to the GS(M)R that I understand have been the subject of industry discussions for some time, which might be coordinated with any changes required relating to the NEC function.

I would be happy to discuss any of these points with interested parties.

Yours sincerely



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National Grid Gas plc